

## Message Text

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64

ACTION ARA-10

INFO OCT-01 AF-06 EUR-12 EA-10 NEA-10 IO-10 ISO-00 SP-02

AID-05 EB-07 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

USIA-15 XMB-04 OPIC-06 LAB-04 SIL-01 AGR-10 PA-02

PRS-01 /152 W

----- 054673

P R 241450Z JUL 75

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC PRIORITY 6346

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY SAN SALVADOR

AMEMBASSY LONDON

AMEMBASSY CAMBERRA

AMEMBASSY BUJUMBURA

AMEMBASSY BOGOTA

AMEMBASSY SANJOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

AMEMBASSY ADDIS ABABA

AMEMBASSY GUATEMALA

AMEMBASSY ACCRA

AMEMBASSY CONAKRY

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

AMZMBASSY KINGSTON 11

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY PORT OF SPAIN

AMEMBASSY MEXICO CITY

AMEMBASSY MANAGUA

AMEMBASSY YAOUNDE

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AMCONSUL LUANDA

AMEMBASSY BANGUI  
AMEMBASSY COTONOU  
AMEMBASSY LIBREVILLE  
AMEMBASSY ABIDJAN  
AMEMBASSY LOME  
AMEMBASSY PANAMA  
AMEMBASSY ASUNCION  
AMEMBASSY LIMA  
AMEMBASSY LISBON  
AMEMBASSY KIGALI  
AMEMBASSY FREETOWN  
AMEMBASSY DAR ES SALAAM  
AMEMBASSY CARACAS  
AMEMBASSY KINSHASA  
AMEMBASSY LAGOS  
AMEMBASSY LA PAZ  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LUXEMBOURG  
AMEMBASSY OSLO  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE  
USMISSION OECD PARIS  
AMEMBASSY PARIS  
AMCONSUL PORTO ALEGRE  
AMCONSUL SALVADOR  
AMCONSUL RECIFE  
AMCONSUL BELEM  
AMCONSUL PORT MORESBY

UNCLAS SECTION 1 OF 2 SAO PAULO 1530

E.O. 11652: N/A

TAGS: EAGR, BR

SUBJECT: BRAZILIAN FROST DAMAGE IV

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1. SUMMARY: PRESIDENT GEISEL AND THE MINISTERIAL COUNCIL FOR ECONOMIC DEVELOPMENT JULY 23 ANNOUNCED A COMPREHENSIVE RESCHEDULING OR EXISTING FARM DEBTS AND EXTENSIVE NEW LINES OF CHEAP CREDIT TO FARMERS AND CATTLE RAISERS IN THE CENTRAL/SOUTH INCLUDING MATO GROSSO. IBC PRESIDENT CALAZANS ESTIMATED THE 76/77 COFFEE CROP AT UNDER 10 MILLION BAGS SENDING SANTOS SPOT PRICES TO CR\$700 A BAG (CR\$8.08 EQUAL \$1). SAO PAULO STATE'S FIRST DETAILED FROST DAMAGE REPORT INDICATES TOTAL LOSSES OF CR\$10 BILLION FOR '75 AND '76

INCLUDING A LOSS OF 62 TO 67 PERCENT OF THE COFFEE TREES FOR THE '76/77 HARVEST. BRAZILIAN SUGAR PRODUCTION LOSSES FOR '75/76 HARVEST YEAR ARE VARIOUSLY ESTIMATED AT 1.5 MILLION TONS AND 10 PERCENT OF ANTICIPATED PRODUCTION. CASTOR BEAN LOSSES ARE REPORTEDLY SEVERE, AND WHEAT LOSS ESTIMATES IN PARANA STATE ARE UP TO 800,000 M/T. END SUMMARY.

2. COFFEE: IBC PRESIDENT CALAZANS IS QUOTED IN "FOLHA DE SAO PAULO JULY 24 AS STATING THAT BRAZIL'S TOTAL 76/77 COFFEE PRODUCTION WILL NOT EXCEED 10 MILLION BAGS, AFTER GIVING REPORTERS A STATE BY STATE REVIEW. SPOT COFFEE PRICES IN SANTOS REACHED CR\$ 700 A BAG (CR\$8.08 EQUAL \$1) AND CR\$600 A BAG IN NORTHERN PARANA ON NEWS OF IBC PRESIDENT'S ESTIMATE AND HIS REITERATION THAT IBC STOCKS WOULD BE FROZEN, "O ESTADO" REPORTS JULY 24. CALAZANS ALSO SAID THE IBC WOULD NOT SUBSIDIZE DOMESTIC BRAZILIAN COFFEE PRICES. MEANWHILE, IN MATO GROSSO, THE STATE ANNOUNCED OFFICIALLY A LOSS OF 30 MILLION COFFEE TREES FOR NEXT YEAR'S HARVEST, OF WHICH 16 MILLION ARE RECOVERABLE. (THIS COMPARES WITH THE EARLIER ESTIMATE OF 43 MILLION TREES LOST.)  
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3. SAO PAULO STATE: THE FIRST DETAILED, BUT STILL PRELIMINARY, STATE GOVERNMENT ASSESSMENT OF FROST DAMAGE TO CROPS IN SAO PAULO STATE WAS DELIVERED TO THE FEDERAL GOVERNMENT JULY 22 AND PUBLISHED JULY 24. TOTAL LOSSES ARE ESTIMATED AT CR\$10 BILLION  
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(CR\$8.08 EQUAL \$1) FOR THE '75 AND '76 HARVESTS, UP FROM THE PREVIOUSLY ANNOUNCEMENT CR\$2 BILLION FOR '75 (SAO PAULO'S 1506). THE DECLINE IN COFFEE PRODUCTION FOR 76/77 IS ESTIMATED TO BE BETWEEN 62.5 PERCENT, BASED ON SUBESTIMATES FROM EACH AREA IN THE STATE. THE '75 MAJOR CROP LOSS ESTIMATES ARE AS FOLLOWS:

CROP	ANTICIPATED PRODUCTION 1,000 M/T	PERCENTAGE LOSS ESTIMATED	RESULTING PRODUCTION 1,000 M/T
COFFEE	414	5	393
WHEAT	184	30 TO 40	129-110
SUGAR CANE	35,000	15 TO 25	29,750-26,250
		(INCLUDE LOSSES FROM DROUGHT AND FROST)	
BANANA	553	60 TO 70	221 TO 166

4. SUGAR: SECRETARY OF AGRICULTURE TASSINARI TOLD CONSUL GENERAL JULY 23 THAT HIS PERSONAL ESTIMATE WAS THAT SUGAR PRODUCTION IN BRAZIL WOULD DECLINE BY 1.5 MILLION TONS IN THE 75/76 HARVEST YEAR AS A RESULT OF DROUGHT AND FROST IN THE SOUTH/CENTRAL AREAS AND FLOODS IN THE NORTHEAST. THE PRESS REPORTS IAA SOURCES IN RIO AS PREDICTING A 10 PERCENT REDUCTION, WITH AN OFFICIAL ESTIMATE PROMISED LATER.

5. CASTOR BEANS: THE FORMER HEAD OF THE CASTOR BEAN DEPARTMENT OF A MULTINATIONAL EXPORT FIRM WHO NOW HEADS ANOTHER LARGE COMMODITY OPERATION HERE SAID IN FRONT OF STATE SECRETARY TASSINARI AND THE CONSUL GENERAL THAT CASTOR BEAN CROPS IN BOTH PARANA AND SAO PAULO HAD SUFFERED EXTENSIVE DAMAGE FROM THE FROST AND THAT CASTOR BEANS WERE PARTICULARLY SENSITIVE TO COLD. THE SECRETARY CONCURRED. THE SAO PAULO STATE REPORT SHOWS PRODUCTION LOSSES OF 90 PERCENT EACH IN THE THREE SUB REGIONS OF THE STATE WITH IMPORTANT PRODUCTION; PRESIDENTE PRUDENTE, ARACATUBA AND RIO PRETO.

6. WHEAT: WHILE THE OFFICIAL PARANA STATE REPORT HAS NOT BEEN ISSUED YET, THE STATE'S WHEAT EXPERT ANNOUNCED THAT THE CROP WOULD BE ONLY 700,000 M/T, DOWN FROM AN ESTIMATED 1.5 MILLION M/T. IN MATO GROSSO, THE STATE SECRETARY OF AGRICULTURE OFFICIALLY ANNOUNCED THAT THE STATE HARVEST WOULD BE 100,000 SACKS OF 60 KILOS AND A LOSS OF 70,000 SACKS.

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7. GOVERNMENT MEASURES: ON JULY 23, PRESIDENT GEISEL MEETING WITH THE MINISTERIAL COUNCIL FOR ECONOMIC DEVELOPMENT ANNOUNCED A SWEEPING SERIES OF MEASURES RESCHEDULING EXISTING FARM DEBT AND PROVIDING EXTENSIVE NEW CREDIT AT SUBSIDIZED RATES. DETAILS WILL BE WORKED OUT BY A SPECIAL HIGH LEVEL COMMITTEE HEADED BY IBC DIRECTOR JOSE DE PAULA MOTA FILHO. MINISTER OF AGRICULTURE PAULINELLI TOLD THE PRESS THAT CREDIT EXTENSIONS WILL BE FOR THREE YEARS FOR ANNUAL CROPS AND FIVE YEARS FOR CROPS LIKE COFFEE. THE BANK OF BRAZIL WILL REPORTEDLY LEND CR\$ 3 BILLION JUST TO COFFEE GROWERS. CHAPIN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, CROP DESTRUCTION, DEBT REPAYMENTS, NATURAL DISASTERS  
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**Copy:** SINGLE  
**Draft Date:** 24 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 08 JAN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <08 JAN 2003 by ThomasVJ>; APPROVED <18 MAR 2004 by CollinP0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** BRAZILIAN FROST DAMAGE IV UNCLASSIFIED  
**TAGS:** EAGR, EFIN, BR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006